

House File 531 - Introduced

HOUSE FILE 531
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO HSB 71)

A BILL FOR

1 An Act relating to programs and accounts administered by the
2 college student aid commission.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 8A.504, subsection 1, paragraph c,
2 subparagraph (2), Code 2013, is amended to read as follows:

3 (2) An amount that is due because of a default on a
4 ~~guaranteed student or parental~~ loan under chapter 261.

5 Sec. 2. Section 8A.504, subsection 4, Code 2013, is amended
6 to read as follows:

7 4. The director shall have the authority to enter into
8 reciprocal agreements with the departments of revenue of other
9 states that have enacted legislation that is substantially
10 equivalent to the setoff procedure provided in this section
11 for the recovery of an amount due because of a default on a
12 ~~guaranteed student or parental~~ loan under chapter 261. A
13 reciprocal agreement shall also be approved by the college
14 student aid commission. The agreement shall authorize the
15 department to provide by rule for the setoff of state income
16 tax refunds or rebates of defaulters from states with which
17 Iowa has a reciprocal agreement and to provide for sending
18 lists of names of Iowa defaulters to the states with which Iowa
19 has a reciprocal agreement for setoff of that state's income
20 tax refunds.

21 Sec. 3. Section 261.12, subsection 1, Code 2013, is amended
22 to read as follows:

23 1. The amount of a tuition grant to a qualified full-time
24 student for the fall and spring semesters, or the trimester
25 equivalent, shall be the amount of the student's financial need
26 for that period. However, a tuition grant shall not exceed the
27 ~~lesser of:~~

28 ~~a.~~ The total tuition and mandatory fees for that student
29 for two semesters or the trimester or quarter equivalent, less
30 the base amount determined annually by the college student
31 aid commission, which base amount shall be within ten dollars
32 of the average tuition for two semesters or the trimester
33 equivalent of undergraduate study at the state universities
34 under the board of regents, but in any event the base amount
35 shall not be less than four hundred dollars, ~~or~~

1 ~~b. For the fiscal year beginning July 1, 2000, and for each~~
2 ~~following fiscal year, four thousand dollars.~~

3 Sec. 4. Section 261.37, subsection 7, Code 2013, is amended
4 to read as follows:

5 7. To establish an effective system for the collection
6 of delinquent loans, including the adoption of an agreement
7 with the department of administrative services to set off
8 against a defaulter's income tax refund or rebate the amount
9 that is due because of a default on a ~~guaranteed or parental~~
10 loan made under this division. The commission shall adopt
11 rules under chapter 17A necessary to assist the department of
12 administrative services in the implementation of the student
13 loan setoff program as established under section 8A.504.
14 The commission shall apply administrative wage garnishment
15 procedures authorized under the federal Higher Education Act of
16 1965, as amended and codified in 20 U.S.C. § 1071 et seq., for
17 all delinquent loans, including loans authorized under section
18 261.38, when a defaulter who is financially capable of paying
19 fails to voluntarily enter into a reasonable payment agreement.
20 In no case shall the commission garnish more than the amount
21 authorized by federal law for all loans being collected by the
22 commission, including those authorized under section 261.38.

23 Sec. 5. Section 261.38, subsections 1, 3, and 4, Code 2013,
24 are amended to read as follows:

25 1. The commission shall establish ~~a loan reserve account~~
26 ~~and~~ an agency operating account as authorized by the federal
27 Higher Education Act of 1965. The commission shall credit to
28 ~~these accounts~~ this account all moneys provided for the state
29 student loan program by the United States, the state of Iowa,
30 or any of their agencies, departments, or instrumentalities,
31 as well as any funds accruing to the program which are not
32 required for current administrative expenses. The commission
33 may expend moneys in the ~~loan reserve and~~ agency operating
34 ~~accounts~~ account as authorized by the federal Higher Education
35 Act of 1965.

1 3. Notwithstanding section 8.33, funds on deposit in the
2 ~~loan reserve and~~ agency operating accounts account shall not
3 revert to the state general fund at the close of any fiscal
4 year.

5 4. The treasurer of state shall invest any funds,~~including~~
6 ~~those in the loan reserve and~~ agency operating accounts
7 account, and, notwithstanding section 12C.7, the interest
8 income earned shall be credited back to the ~~appropriate~~ agency
9 operating account.

10 Sec. 6. Section 261.38, subsection 2, Code 2013, is amended
11 by striking the subsection.

12 Sec. 7. Section 261B.11, Code 2013, is amended by adding the
13 following new subsections:

14 NEW SUBSECTION. 4. The state of Iowa considers institutions
15 specified in subsection 1, paragraphs "j" and "l", to be
16 authorized to lawfully operate in Iowa as a postsecondary
17 educational institution that grants a certificate, diploma,
18 or degree for the purpose of state authorization regulations
19 established by the United States department of education,
20 provided the institution meets the following conditions:

21 a. The institution is exempt from federal taxation under
22 section 501(c)(3) of the Internal Revenue Code on and after
23 July 1, 2013.

24 b. The institution originated in this state and undergoes no
25 change in ownership or control on or after July 1, 2011.

26 NEW SUBSECTION. 5. The commission shall, by administrative
27 rule, identify the name of each institution that is authorized
28 by this state to lawfully operate as a postsecondary
29 educational institution in the state pursuant to this chapter.

30 Sec. 8. REPEAL. Sections 261.39 and 261.41, Code 2013, are
31 repealed.

32 EXPLANATION

33 This bill removes the \$4,000 cap on the amount of an Iowa
34 tuition grant which may be awarded by the college student aid
35 commission, and makes changes to Code chapter 261 in response

1 to recent changes in the federal Higher Education Act of 1965,
2 as amended. The bill eliminates references to guaranteed
3 student or parental loans and to the loan reserve account, and
4 repeals related Code provisions.

5 The bill also amends a provision in Code chapter 261B, under
6 which the commission is authorized to register postsecondary
7 schools that operate in this state, to provide that this state
8 considers higher education institutions that are located in
9 Iowa and meet the criteria established in statute for the Iowa
10 tuition grant or are affiliated with Iowa health care systems
11 and offer health professions programs that are accredited by an
12 agency recognized by the U.S. department of education, to be
13 authorized to lawfully operate in Iowa for the purpose of state
14 authorization regulations established by the U.S. department
15 of education, provided the institution is exempt from federal
16 taxation on and after July 1, 2013, and the institution
17 originated in this state and undergoes no change in ownership
18 or control on or after July 1, 2011.

19 The commission is also directed, by administrative rule, to
20 identify the name of each institution that is authorized by
21 this state to lawfully operate as a postsecondary educational
22 institution in the state.